

## How can I set up a HSA?

- You can set up a HSA with any financial institution, such as banks, credit unions, insurance companies, or brokerage firms.
- To set up a high deductible health plan (HDHP) policy, you can contact your current health insurance carrier, licensed insurance agent, or the Texas Department of Insurance to find out which insurance companies offer HDHPs in your area.
- For more information on HSAs, please view the Department of Treasury website at <http://www.treas.gov/offices/public-affairs/hsa/>. If you have additional questions, please e-mail Treasury at [hsainfo@do.treas.gov](mailto:hsainfo@do.treas.gov) or call (202) 622-4HSA.

Source: Department of Treasury



**With questions, please contact  
the Department of Treasury at  
(202) 622-4HSA or you are welcome  
to contact one of my offices for  
further information at:**

### **WASHINGTON, DC**

284 Russell Senate Office Building  
Washington, DC 20510-4304  
Tel: 202-224-5922  
Fax: 202-224-0776

### **ABILENE**

500 Chestnut Street, Suite 1570  
Abilene, Texas 79602  
Tel: 325-676-2839  
Fax: 325-676-2937

### **AUSTIN**

961 Federal Building  
300 East 8th Street  
Austin, Texas 78701  
Tel: 512-916-5834  
Fax: 512-916-5839

### **DALLAS**

LB 606  
10440 N. Central Expressway, Suite 1160  
Dallas, Texas 75231  
Tel: 214-361-3500  
Fax: 214-361-3502

### **HARLINGEN**

222 East Van Buren Street, Suite 404  
Harlingen, Texas 78550  
Tel: 956-425-2253  
Fax: 956-412-1468

### **HOUSTON**

1919 Smith Street, Suite 800  
Houston, Texas 77002  
Tel: 713-653-3456  
Fax: 713-209-3459

### **SAN ANTONIO**

145 Duncan Drive, Suite 120  
San Antonio, Texas 78226  
Tel: 210-340-2885  
Fax: 210-349-6753

[www.hutchison.senate.gov](http://www.hutchison.senate.gov)

## HEALTH SAVINGS ACCOUNT FACTS:

*From U.S. Senator  
Kay Bailey Hutchison*



**How Health Savings  
Accounts can help you save  
money for health expenses  
now and in the future.**

*"The President and Congress made a promise to the American people to help address the rise in health care costs. I'm pleased to announce, under the Medicare Modernization Act, we have taken an important step toward that goal with the creation of Health Savings Accounts (HSAs). HSAs will permit individuals to put aside tax-free dollars to be used for health care expenses. Inside this brochure are facts about how you can set up a HSA and how it will benefit you."*

- U.S. Senator Kay Bailey Hutchison

## What is a HSA?

- A HSA is an account in which you can save money for future medical expenses.
- Contributions can be fully deducted on your annual income tax return.
- Financial contributions roll over each year and are portable.
  - Accounts are owned by you, independent of your employer or employment situation.
  - Contributions do not need to be used in one year, but can be saved for the future.

## Who is eligible to establish a HSA?

- An individual must have a high deductible health plan for oneself or one's family.\*
  - \$1,000 deductible/year for self-coverage
  - \$2,000 deductible/year for family coverage
  - \$5,000 out-of-pocket expenses/year for self-coverage
  - \$10,000 out-of-pocket expenses/year for family coverage
- An individual cannot be eligible for Medicare.
- An individual cannot have other insurance coverage except for vision, dental, etc.

\* These amounts will increase for cost-of-living.

## How much tax-free money can I contribute each year?

- Maximum annual contributions are limited to the deductible amount required by the high deductible health plan, but no more than:\*
  - \$2,600 for self-coverage
  - \$5,150 for family coverage
  - Individuals ages 55 through 64 can make "catch-up" contributions.
    - \$500 in 2004
    - \$600 in 2005
    - \$700 in 2006
    - \$800 in 2007
    - \$900 in 2008
    - \$1,000 in 2009
- Once an individual is Medicare eligible, contributions can no longer be made to the account; however, an individual can use the funds already in a HSA for qualified medical expenses without any penalties.
- Employers, family members or other individuals can contribute to your HSA.
- Contributions can be made even if an individual is not employed.

\* These amounts will increase for cost-of-living.



Senator Kay Bailey Hutchison speaking at the Methodist Hospital-Senior Resource Center in Dallas, TX.



Senator Kay Bailey Hutchison speaks with Jeanne Nagy, Chief Operating Officer of St. David's Medical Center, and Jon Foster, President and Chief Executive Officer of St. David's Healthcare Partnerships.

## What can HSAs be used for?

- HSAs can be used "tax-free" for:
  - Qualified medical expenses as determined by federal tax law (now includes over-the-counter drugs).
  - Spouse's or dependents' medical expenses, even if they are not covered under your high deductible health plan.
  - Preventive health care services before meeting the deductible.
  - Health insurance should you become unemployed.
  - Supplemental health insurance and out-of-pocket medical expenses once eligible for Medicare.
  - Long-term health care.
  - Non-covered services under future health insurance plans.
- If HSA funds are used for nonmedical expenses, distributions are subject to income tax, and if you are younger than age 65, a 10% tax penalty.